

R21-90

**RESOLUTION OF THE BOROUGH OF MERCHANTVILLE,
COUNTY OF CAMDEN AND STATE OF NEW JERSEY
DECLINING THE REQUEST OF MAPLE GARDENS
URBAN RENEWAL ENTITY, LLC TO ASSUME THE
TERMS AND CONDITIONS OF THE FINANCIAL
AGREEMENT BETWEEN CITADEL WELLWOOD URBAN
RENEWAL LLC AND THE BOROUGH OF
MERCHANTVILLE**

WHEREAS, the Borough of Merchantville is a municipal entity organized under the laws of the State of New Jersey and located in Camden County, New Jersey (“Merchantville”); and

WHEREAS, the Citadel Wellwood Urban Renewal LLC, a New Jersey limited liability company (“Citadel Wellwood”) is the owner of a certain property in the Borough of Merchantville located at Block 9, Lots 2 and 3, more commonly referred to as 606 West Maple Avenue (“Property”); and

WHEREAS, by Resolution dated September 26, 2011, Citadel Wellwood was designated as the redeveloper of the Property; and

WHEREAS, on February 22, 2013, Merchantville and Citadel Wellwood entered into a Financial Agreement pursuant to the Long-Term Tax Exemption Law, N.J.S.A. 40A:20-1, et seq., which included a Payment In Lieu of Taxes, relative to the real property taxes on the Property; and

WHEREAS, Paragraph 19 of the Financial Agreement provides:

The Borough specifically enters into this agreement for the benefit of the Project with Citadel Wellwood Urban Renewal LLC and its managing member, Richard DePetro. The sale of the Project by the Entity, or the sale of the interests of the managing member of the Entity, the sale of the Entity, or the sale of the majority interest in the Entity, shall render this Agreement null and void, unless the assumption of the terms, conditions and obligations of this Agreement by the transferee urban renewal entity person, partnership and/or corporation, is

approved by Resolution of the Borough Council of the Borough of Merchantville, upon whose approval this Agreement and its then remaining obligations and the tax exemption of the improvements shall continue, and inure to the benefit of the transferee urban renewal entity.

It is understood and agreed that the Borough may, on written application by the Entity, consent to a sale of the Project and the transfer of the Agreement to an urban renewal person, partnership and/or corporation eligible to function under the law provided the Entity is not in default as respects any performance required of it hereunder and full compliance with the terms and conditions of N.J.S.A. 40A:20-1, et seq. has occurred and the Entity's obligation under the Agreement with the Borough is assumed by the transferee.

WHEREAS, in February 2020, Citadel Wellwood apparently entered into a contract to sell the property to Maple Gardens Urban Renewal Entity, LLC (“Purchaser”); and

WHEREAS, on June 29, 2020, the Mayor and Borough Council advised Citadel Wellwood that, upon the sale of the interest of the managing member of the entity or the sale of the entity, the Borough would consider the Financial Agreement to be null and void and will not consider a Resolution to permit the assumption of the terms, conditions, and obligations of the Financial Agreement between Citadel and the Borough.

WHEREAS, on August 12, 2020, Citadel Wellwood filed a Complaint in Lieu of Prerogative Writ in the Superior Court of New Jersey, Law Division, Camden County seeking, among other things, an Order of the Court requiring Merchantville to transfer the terms and conditions of the Financial Agreement to the Purchaser; and

WHEREAS, the Court, on April 22, 2021, upheld the validity of Paragraph 19 of the Agreement, and ordered Merchantville to make an “official decision to sell the Property with tax benefits;” and

WHEREAS, thereafter, the Mayor of Merchantville appointed an ad hoc Committee of three (3) Councilpersons, Anthony J. Perno, III, Daniel J. Sperrazza and

Andrew O. McLoone, to investigate the application of the Purchaser for the purpose of making a recommendation to Borough Council as to whether to approve or deny the Purchaser's request for a transfer the terms and conditions of the Financial Agreement to the Purchaser; and

WHEREAS, this Committee requested and was provided voluminous documents relative to this proposed transaction; and

WHEREAS, this Committee requested and was granted two (2) interviews with Mr. Sam Haikins, the principal of the Purchaser LLC, along with his financial advisor and his attorneys, on June 11, 2021 and August 6, 2021, regarding his request of a transfer the terms and conditions of the Financial Agreement to his limited liability company; and

WHEREAS, after thoughtful deliberation, this Committee verbally presented its recommendation to Borough Council at the Council meeting of August 9, 2021;

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Council of the Borough of Merchantville, in furtherance of the recommendation of the ad hoc Committee as verbally set forth in the Council Meeting of August 9, 2021, the Borough Council of the Borough of Merchantville finds that a transfer the terms and conditions of the Financial Agreement to Maple Gardens Urban Renewal Entity, LLC, the proposed purchaser of 606 West Maple Avenue, would not be in the best interests of the citizens of the Borough of Merchantville; and

IT IS FURTHER RESOLVED that the application of Maple Gardens Urban Renewal Entity, LLC, the proposed purchaser of 606 West Maple Avenue, for a transfer

the terms and conditions of the Financial Agreement pursuant to the Long-Term Tax Exemption Law, N.J.S.A. 40A:20-1, et seq., which included a Payment In Lieu of Taxes, relative to the real property taxes on the Property, entered into by Merchantville and Citadel Wellwood on February 22, 2013, be and hereby is declined.

THE BOROUGH OF MERCHANTVILLE

BY: _____
EDWARD F. BRENNAN, MAYOR

ATTEST:

DENISE BROUSE, BOROUGH CLERK

I, **DENISE BROUSE** Borough Clerk of the Borough of Merchantville, do hereby certify the foregoing to be a true and correct copy of the Resolution adopted by Borough Council at a meeting of said Borough Council on August 9, 2021, and that said Resolution passed by a majority vote of the members of Borough Council.

DENISE BROUSE, BOROUGH CLERK